

Message Text

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ACTION EB-07

INFO OCT-01 AF-10 EUR-12 ISO-00 INT-05 AID-05 CIAE-00

COME-00 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00

XMB-04 OPIC-06 SP-02 LAB-04 EPG-02 SIL-01 OMB-01

NSC-05 SS-15 STR-04 CEA-01 DODE-00 PM-04 H-02

L-03 PA-02 PRS-01 GSA-02 /122 W

-----110853Z 006461 /15

P R 110502Z MAY 77

FM AMEMBASSY LUXEMBOURG

TO SECSTATE WASHDC PRIORITY 5725

INFO AMEMBASSY ANKARA

AMEMBASSY BONN

AMEMBASSY BRUSSELS

USMISSION EC BRUSSELS UNN

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY PRETORIA

AMEMBASSY ROME

UNCLAS LUXEMBOURG 0356

DEPARTMENT PASS TREASURY

E. O. 11652: N/A

TAGS: ETRD, EMIN, LU

SUBJECT: RHODESIAN CHROME

REF: STATE 104079 AND 104080

1. DIRECTOR OF MINERAIS, A 100 PERCENT US-OWNED LUXEMBOURG
SUBSIDIARY OF IMC (INTERNATIONAL MINERAL AND CHEMICALS,
CHICAGO) RAISED WITH ECONOFFICER SPECIAL PROBLEM OF
TRADING COMPANY OR NATION WITH RESPECT TO CERTIFICATION
PROCEDURES AND REGULATIONS GOVERNING IMPORT OF FERRO-
CHROME AND STEEL CONTAINING CHROME INTO THE UNITED STATES.

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TREASURY/CUSTOMS/FEDERAL REGISTER STATEMENTS TO DATE
(MINERAIS FULLY SUPPLIED) SEEM TO FOCUS EXCLUSIVELY ON
PRODUCER NATION SITUATION. MINERAIS DIRECTOR, R. EHRLMANN,
NOTED THAT APPROX. TEN PERCENT OF FERRO-CHROME TRADE IS
HANDLED THROUGH MIDDLEMEN; MINERAIS, A NON-PRODUCER
COMPANY IN A NON-PRODUCER NATION, HANDLES FIVE PERCENT
OF WESTERN EUROPE'S CONSUMPTION OF FERRO-CHROME. MINERAIS,

AND PRESUMABLY OTHER TRADING COMPANIES, HAVE SIGNED CONTRACTS FOR 1977, FOR WHICH THERE IS NO LEGAL BASIS FOR CANCELLATION, UNDER WHOSE TERMS A "CERTIFICATE OF ORIGIN" IS RECEIVED FROM EACH SUPPLYING COUNTRY. THE PRINCIPAL SUPPLIERS - ACCOUNTING FOR NINETY-FIVE PERCENT OF MINERAIS PEUCHASES - ARE FRANCE, ITALY, TURKEY (ETIBANK) AND USSR (PROMSYRIO IMPORT MOSCOW). IN THE LATTER TWO COUNTRIES CONTRACTS ARE WITH STATE TRADING MONOPOLIES. PRINCIPAL CUSTOMERS (EIGHTY PERCENT OF TOTAL) ARE WEST GERMANY, BELGIUM AND UNITED KINGDOM. MINERAIS DOES NOT IMPORT FROM SOUTH AFRICA NOR SHIP TO THE US AND HAS STATED CLEAR INTENTION OF OBSERVING ALL REQUIRED PROCEDURES FOR FERRO-CHROME SALES.

2. MINERAIS ASSUMES THAT AGREEMENT TO BE REACHED WITH EC WILL RESOLVE ANY POSSIBLE PROCEDURAL PROBLEMS WITH WEST EUROPEAN SUPPLIERS AND CUSTOMERS ALTHOUGH IT SEEKS ASSURANCE THAT SPECIAL STATUS OF TRADER WILL BE RECOGNIZED AND ADDRESSED IN ANY AGREEMENT DISCUSSIONS. GOL HAS BEEN APPROACHED BY COMPANY AND WILL ADVOCATE SAME IN EC FORUM.

3. MINERAIS WOULD LIKE TO KNOW IF TREASURY HAS INITIATED NEGOTIATIONS WITH THE USSR (PRESUMABLY ON CHROME ORE AS USSR DOES NOT EXPORT FERRO-CHROME TO USA) AND TURKEY. EHRMANN WILL BE IN MOSCOW MAY 25 AND ANKARA MAY 31 FOR MEETINGS WITH SUPPLIERS AND WOULD APPRECIATE OPPORTUNITY TO REVIEW SITUATION WITH US EMBASSY OFFICIALS PRIOR TO AFTERNOON APPOINTMENTS WITH SOVIETS AND TURKS. MINERAIS UNCLASSIFIED

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NOT PESSIMISTIC BEFORE THE FACT BUT SEES POSSIBLE RESISTANCE IN BOTH COUNTRIES TO REQUIREMENT OF A NEW FORM OF CERTIFICATION.

4. APART FROM COMPANY'S IMMEDIATE CONCERN FOR ITS OWN CONTRACTS AND BUSINESS, EHRMANN RAISED OTHER POSSIBLE GENERAL PROBLEM AREAS: (A) PURCHASES OF FERRO-CHROME FROM A THIRD PARTY WHO PROVIDES HIS OWN CERTIFICATION, E. G. SOVIET CHROME FROM A TRADER WHO DOES NOT HAVE SOURCE CERTIFICATION; (B) PRODUCTION OF 18/8 STEEL WHICH REQUIRES FERRO-CHROME AND SCRAP (REJECT OF FORMER 18/8 STEEL). US IS LARGEST SOURCE OF THIS SCRAP IN WHICH RODESIA FERRO-CHROME WAS USED; (C) PROCEDURE FOR A "THROUGH BILL OF LADING" FOR TRADING COMPANY FROM ORIGINAL SOURCE VIA WAREHOUSING TO INDIVIDUAL CUSTOMERS.

5. WOULD APPRECIATE REPLY ASAP ON TREASURY CONSIDERATION OF NON-PRODUCER TRADING COMPANY/NATION ISSUE RAISED IN

PARAS 1 AND 2 TO INFORM GOL, MINISTRY OF FOREIGN
AFFAIRS, AND MINERAIS. GINN

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Message Attributes

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